

# A Study on Customers Predilection Towards Digital Banking in Modernity

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## **Abstract**

*The banking sector has become indispensable in everyday life as it encourages customers to adapt to and engage with the digital world. Customers include the general public, government agencies, merchants, and entrepreneurs who rely on banking services for financial transactions and economic activities. Digital banking enables these stakeholders to access financial services instantly and conveniently. It plays a significant role in transforming the financial system from traditional banking practices to modern digital banking platforms, making banking operations more efficient and accessible. In recent years, the banking sector in India has rapidly evolved with the adoption of digital technologies. Therefore, this study focuses on the vast opportunities available in the emerging digitalized banking environment, with particular emphasis on customers' perception towards digital banking in India.*

*Keywords: Banking, Modernity, Predilection, Digital, Customer*

## **Introduction**

Firstly, to have an effective banking service, the foremost thing is about Financial Service. Financial service covers different sectors like Banking, Investing and Insurance. The sector which we discuss here is banking. Banking contribution towards the society or Corporation is to provide security to the needed. In the Banking Industry, it has been in the form of E-Banking or Online Banking or Internet Banking, which is now replacing the traditional banking mechanism. E-Banking has a lot of benefits which adds value to enhance customers' satisfaction in terms of better quality of service. Banking is defined as the business activity of accepting and safeguarding money owned by other individuals and entities, and then lending out this money in order to conduct economic activities such as making profit. There

are various types of banking which includes personal banking, corporate banking, digital banking etc.

Digital banking is a contemporary approach to accessing and managing bank accounts and financial transactions. It refers to a computerized method of delivering banking services through the automation of traditional banking activities. Digital banking enables customers to access banking products and services through electronic or online platforms such as mobile applications, internet banking, and other digital channels. This system provides convenience, speed, and efficiency, allowing customers to perform financial transactions anytime and anywhere without visiting a physical bank branch.

**Table 1:** Difference between Traditional and Digital Banking

<b>Digital Banking</b>	<b>Traditional Banking</b>
No physical location	Local branches are available
Speedy account opening process	Opening an account can take a while
Easy online process	Some online banking option
Some ATM fees	Large ATM network
Higher Interest rate	Lower interest rate
Few to no fees	Typically come with fees
Phone or online customer service	In-person customer service

Customer Perception plays a vital role in digital banking in the present world. The main aspect is to build the Individual’s perception of the company/brand. It is also to attract the new customers as well as to retain existing customers.

**Statement of the Problem**

Banking is the heart of Indian Financial Service Sector. Banking sector has reformed tremendously from traditional era to modern era. It is a period where modern banking is nothing but going paperless and ensuring digitalized service to the customers at their convenience 24/7/365 days. Therefore, to understand the customer’s predilection towards Digital Banking is a study has been undertaken. This study also focuses on the various

factors influencing Digital Banking, challenges faced by Digital Banking and the various mode of digital payment used by customers.

### **Literature Review**

According to Hitendra Lachhwani, his study aims to find customer predilection towards digital banking by customers in Ahmedabad. In today's era it is necessary to find the relation between the use of digital banking and its usage by consumers. On another hand banks are putting continuously effort on developing products based on consumer needs which are friendly and convenient to use.

According to Dr. A. Ansar, all E-Banking covers both computer and telephone banking. These two types of banking involve the usage of passwords. It came into existence due to Innovation in Technology and competition among the existing banking organizations, who displays their banking products and services for easy accessibility to the customers which can be delivered through the internet. The rapid development of E-banking services carries risks as well as benefits. Hence, it is the responsibility of the bankers to recognize, manage and to address banking institutions in cautious and sensible way according to the fundamental characteristics and challenges of E-Banking services.

**Scope of the Study:** This study is based on customer predilection towards digital banking in modernity. This study is based on customers of various banks but not limited to single bank.

### **Objectives of the Study**

1. To analyze Customer predilection towards Digital Banking.
2. To understand major factors influencing Customers Predilection towards Digital Banking.
3. To analyze the challenges of Digital Banking
4. To understand the various modes of Digital Payments

### **Research Methodology**

The data needed for the study is collected from the various banking customers, through Questionnaire (Google Form). Analysis and Interpretation has been done using the Statistical Tools and Data Presented through Tables, Graphs. The study is based on Survey Method. The aim of the study is to analyze the Customers Predilection towards

Digital Banking in Modernity. Thus, this study deals with Descriptive Research Method, which are concerned with describing the character of a group.

**Source of Data**

*Primary data:* Primary data is directly collected through banking customers using Questionnaire (Google Form) and Interview with Banking Officials regarding various digital banking facilities provided to the customers.

*Secondary data:* Secondary data is collected from various books, journal and banking websites.

**Limitation of the Study**

1. This study is based on customers of various banks.
2. Major time constraint.
3. The total number of respondents is limited to 50 customers only.
4. Lack of accountability of respondent’s response which may be biased.

**Analysis and Interpretations**

**Table 1:** Showing Satisfaction level towards using digital banking

Option	No of Respondents	Percentage
Highly satisfied	25	50
Satisfied	24	48
Dissatisfied	1	2
Highly Dissatisfied	0	0
<b>Total</b>	<b>50</b>	<b>100</b>

**Likert’s Scale**

**Table 2:** Showing Likerts Scale

S.No.	Opinion	Respondents A	Percentage B	Likert’s Point C	Likert’s Scale (A*C)
1	Highly Dissatisfied	0	0	1	0
2	Dissatisfied	1	2	2	2
3	Neutral	0	0	3	0
4	Satisfied	24	48	4	96
5	Highly Satisfied	25	50	5	125
	<b>Total</b>	<b>50</b>	<b>100</b>		<b>223</b>

**Table 3:** Showing Electronic Device used for Digital Banking by customers

Option	No of Respondents	Percentage
Mobile	44	88
Laptop	6	12
I Pad	0	0
<b>Total</b>	<b>50</b>	<b>100</b>

**Table 4:** Showing Frequency in usage of Digital Banking

Option	No of Respondents	Percentage
Daily Basis	22	44
Once in a Week	17	34
Once in a Month	10	20
Once in a Year	1	2
<b>Total</b>	<b>50</b>	<b>100</b>

**Table 5:** Showing Customers reason for preferring Digital Banking

Option	No of Respondents	Percentage
Easier Transaction	24	48
Convenience	21	42
Security	2	4
Personalized Offerings	3	6
<b>Total</b>	<b>50</b>	<b>100</b>

**Table 6:** Showing factors influencing customers towards using Digital Banking

Particulars	No of Respondents	Percentage
Transaction Speed	15	30
Convenience & Benefits	30	60
Connectivity	3	6
Security	2	4
<b>Total</b>	<b>50</b>	<b>100</b>

**Table 7:** Showing the purpose for using Digital Banking

Particulars	No of Respondents	Percentage
Shopping	16	32
Fund Transfer	15	30
Utility Payment	17	34
Easy access of Account statement	2	4
<b>Total</b>	<b>50</b>	<b>100</b>

**Table 8:** Showing biggest challenges faced by customer while using Digital Banking

Particulars	No of Respondents	Percentage
Security	20	40
Technical Issues	26	52
Transaction Difficulty	0	0
Lack of person banker relationship	4	8
<b>Total</b>	<b>50</b>	<b>100</b>

**Table 9:** Showing any fraudulent issues faced by customers while using Digital Banking

Opinion	No of Respondents	Percentage
Yes	8	16
No	42	84
<b>Total</b>	<b>50</b>	<b>100</b>

**Table 10:** Showing the reason for fraudulent issues faced by customer while using Digital Banking

Particulars	No of Respondents	Percentage
OTP Call (Debit card)	4	50
OTP Call (Credit Card)	2	25
Hacking Internet Banking Password	2	25
Hacking Customer Report (Through Loan details from various banks)	0	0
<b>Total</b>	<b>8</b>	<b>100</b>

**Table 11:** Showing the most preferred mode of Digital Banking

<b>Opinion</b>	<b>No of Respondents</b>	<b>Percentage</b>
Internet Banking	13	26
Mobile Banking	21	42
Digital payments apps	14	28
Debit / Credit Card	2	4
<b>Total</b>	<b>50</b>	<b>100</b>

**Table 12:** Showing whether customers are Conscious enough about the outflow of cash from their account.

<b>Opinion</b>	<b>No of Respondents</b>	<b>Percentage</b>
Highly Conscious	22	44
Conscious	26	52
Not Conscious	2	4
Highly Not Conscious	0	0
<b>Total</b>	<b>50</b>	<b>100</b>

### Findings

1. Majority of the customers are highly satisfied towards using digital banking in modernity.
2. High proportion of the customers are using mobile for digital banking transactions in modernity than laptop and i-Pad.
3. Most of the customers are using digital banking in their daily life.
4. Majority of the customers are preferring digital banking due to easier transactions than the other reasons such as convenience, security and personalized offerings.
5. Most of the customers feel convenient & benefits influence them towards Digital Banking than any other factors such as transaction speed, connectivity and security
6. One third proportion of the customer's purpose of using Digital Banking is utility payment and while rest of the customer's purpose is shopping & fund transfer.

7. 52% of customers faced technical issues and feel it is the biggest challenges faced by them while using Digital Banking
8. Majority of customers have not faced any fraudulent issues while using Digital Banking.
9. Least percentage of customers have faced fraudulent issues due to OTP Call in regards to their Debit card while using Digital Banking.
10. Most of the customers prefer Mobile Banking as mode of Digital Banking in modernity.
11. Majority of the customers are conscious enough about the outflow of cash from their account while using Digital Banking in modernity.

### **Suggestions**

1. Banking Sector has to focus more on security threats.
2. Banking sector should spread awareness about cyber-crime and provide fraud alerts to its customers.
3. Banks should try to overcome connectivity issues for smooth use of digital banking by customers.
4. Banking sectors should enlighten customers about the usage of digital apps by providing practical knowledge.
5. Banking sector can encourage customer to refer their bank transaction statement from internet banking instead of hard copy from the banks.

### **Conclusion**

From the above findings and suggestions, we can conclude that majority of the customers are highly satisfied by using digital banking as long as there is convenience and easier transaction. Most of the customers preferred Mobile banking as a mode of Digital Banking than Internet banking, Digital Payment apps and Debit/Credit cards. The reason behind customer preferring Mobile Banking as a convenient mode is due to multiple reasons such as Mobile is a handy device where they can access 24/7/365 days.

Banking sector should also focus on Security threats and provide personalized offerings to the customers to make them much more comfortable and confident in using digital banking in modernity. Customers also felt that these benefits are not only the major

factor which influence the customers for using digital banking but also there are other factors which is demotivating the customers for using digital banking like technical issue, security, connectivity and transaction speed. Thus, Bank that provides competitive rates, offers unique services and products satisfies the customers.

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